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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Beneficial ownership of open-registry fleets

Report by the UNCTAD secretariat *

		Paragraphs
Introduction		(i) - (iv)
I.	Information obtained from Governments	1 - 6
II.	Computer analysis of classification registers and commercial directories	7 - 14
III.	Conclusions	15 - 16

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INTRODUCTION

(i) This report has been prepared in response to the Resolution adopted by the Ad hoc Intergovernmental Working Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of Registry held in February 1978, which states that:

> "... (c) Further work needs to be undertaken within UNCTAD:
> (i) to investigate the beneficial ownership of open-registry fleets....." [1].

(ii) The deliberations of the Working Group were largely based upon a consideration of a report prepared by the UNCTAD secretariat, "Economic consequences of the existence or lack of a genuine link between vessel and country of registry" (TD/B/C.4/168 and Corr.1 and Add.1), in which seven countries or territories were treated as "open-registry countries", namely Bahamas, Bermuda, Cyprus, Liberia, Panama, Singapore and Somalia. [2] Since that report was issued information has been published to the effect that Somalia has ceased to offer open-registry facilities, but the UNCTAD secretariat has not yet (i.e. as of the end of September 1978) received any official confirmation from the Government of Somalia in response to its inquiry. Nevertheless, the secretariat has proceeded on the assumption that Somalia should no longer be treated as an open-registry country.

(iii) In investigating the beneficial ownership of the open-registry fleets the secretariat commenced its investigations by making direct enquiries of those governments which it believed may be able to provide useful information. A summary of the information received is contained in Section I.

(iv) At an early stage it became apparent that the information obtainable from Governments would be incomplete, and that some supplementary investigations would be needed. The secretariat therefore commissioned a computer search and analysis of the data contained in classification society registers and commercial directories issued throughout the world, the results of which are summarized in Section II.

1/ See the report of the Ad hoc Intergovernmental Working Group (TD/B/C.4/177), annex, para.1.

2/ See, however, paragraph 11 below with respect to vessels registered in Hong Kong.

I. INFORMATION OBTAINED FROM GOVERNMENTS

1. At the session of the Ad Hoc Intergovernmental Working Group the spokesman for Group D countries stated that no vessels of socialist countries of Eastern Europe were registered in open-registry countries. 1/

2. Following the adoption of the resolution by the Ad Hoc Intergovernmental Working Group the Secretary-General of UNCTAD addressed a Note to the Governments of 43 states members of UNCTAD 2/ requesting them to advise him whether or not vessels operating under flags of open-registry countries were beneficially owned by nationals or residents of their countries and if so, to what extent, in terms of the number of vessels, the types of vessels, the tonnages (grt and dwt) and the actual countries of registration. Simultaneously, the UNCTAD secretariat requested information from the Governments of China, France, Germany, Federal Republic of, Japan, Netherlands, Norway, Sweden, United Kingdom and United States, most of which had already supplied a certain amount of information in response to enquiries made in connexion with the preparation of the earlier UNCTAD report (TD/B/C.4/168 and Corr.1 and Add.1).

3. The responses to these enquiries can be summarized as follows:

(a) Seven governments stated that their countries were involved in the beneficial ownership of vessels flying the flags of open-registry countries, and gave full or partial details of their involvement: France, Germany, Federal Republic of, Greece, Netherlands, Norway, Sweden, and the United States. Data supplied by these countries are shown in table 1.

(b) Two more governments (Canada and Japan) advised that their countries were involved in the beneficial ownership of vessels registered in other countries, but were unable to provide data on the extent of their involvement. Canada stated that it was aware of data in Lloyd's Register indicating Canadian ownership or management of vessels registered in other countries, principally the Bahamas and Bermuda, but that it has no supplementary data. Japan acknowledged that a number of the so-called "tie-in" vessels operated by Japanese shipping companies are owned by overseas subsidiaries of Japanese shipping companies but stated that "The Japanese Government, however, not being in a position to control the activities of shipping companies under foreign legislations, since the Japanese Maritime Transportation Law has no provisions relating to them, does not hold complete data of the number of such subsidiaries nor the number and the gross tonnage of ships owned by them"

1/ TD/B/C.4/177, para. 34.

2/ Australia, Austria, Belgium, Canada, Denmark, Finland, Greece, Holy See, Iceland, Ireland, Israel, Italy, Liechtenstein, Luxembourg, Monaco, New Zealand, Portugal, San Marino, South Africa, Spain, Switzerland, Turkey and Yugoslavia.

(c) The governments of five other countries stated that their countries were not involved in the beneficial ownership of open-registry vessels: Belgium, China, Finland, Turkey and Yugoslavia. China added that its trade was partly carried by vessels chartered on a long-term basis.

(d) The governments of a further five countries stated that to the best of their knowledge their countries were not involved, or that they did not possess information indicating involvement: Australia, Liechtenstein, Luxembourg, New Zealand and Spain.

(e) The governments of a further seven countries stated that they were not in possession of the necessary information to state whether or not, or to what extent, their nationals or residents were involved: Austria, Denmark, Ireland, Israel, Monaco, Switzerland and the United Kingdom. Switzerland advised that no Swiss private companies which had ships in the register of Swiss ships owned vessels flying flags of open-registry countries but that available information did not permit the Swiss authorities to establish whether other nationals or residents of Switzerland were beneficial owners of vessels under flags of open-registry countries. The United Kingdom advised that, as its own statistics were limited to registration in the United Kingdom and dependent territories, there was no way of obtaining the information required except by consultation with the shipping industry: the Government stated that consultations were in progress and that it would advise the secretariat of the results. Further details have not yet been received. Israel advised that the authorities had technical problems in collecting the necessary data, but were continuing their enquiry.

(f) The Holy See indicated that it had no information to furnish on this subject.

(g) Italy stated that the policy followed by the Italian Government has always been strictly opposed to the registration of vessels owned by Italian nationals or residents in open-registry countries, but did not furnish any information on the extent to which this policy is being observed.

(h) Four countries failed to respond to the enquiries of the secretariat: Iceland, Portugal, San Marino and South Africa.

4. Apart from the enquiries mentioned above, the UNCTAD secretariat also wrote to the Governments of Bahamas, Bermuda, Cyprus, Liberia, Panama and Singapore asking whether they would be prepared to assist the secretariat in making further enquiries into the beneficial ownership of the open-registry fleets, having regard to the resolution unanimously adopted by the Working Group.

5. In response to these latter enquiries the Government of Bermuda replied that it would be glad to receive a visit from an official of the secretariat to discuss the matter, and that it "welcomes the opportunity to assure the UNCTAD secretariat that Bermuda is not operating an 'open-register'." 3/ The Government of the Bahamas

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3/ It was not possible to arrange a visit before completion of the present report, but it is hoped that an official of the secretariat will be able to visit Bermuda in the near future.

Tabl

Beneficial ownership of open-registr

Country (and date of reference)	Bahamas	Bermuda	Cyp No. '0
France (1.4.1977) a/	-	-	5
Germany, Fed. Rep. of (1.1.1978) b/	-	-	28
Greece (31.3.1978) c/	..	..	.
Netherlands (30.6.1977) d/	-	-	3
Norway (1.1.1978) e/	..	..	.
Sweden (April 1978) f/	-	-	.
USA (31.1.1976) g/	-	-	1
Total identified fleet h/	-	-	37
Total fleet (1.7.1977) i/ - number and '000 dwt	109/ 147	88/ 3,040	800/ 4,015

a/ Vessels under flags of convenience controlled by French s

b/ Ocean vessels operated under foreign flags, including 41

c/ Ships beneficially owned by Greek nationals but registere the Greek Seamens' Pension Fund (NAT). No data are avai flags of open-registry countries and not contracted with Government to be small.

d/ Dutch ships under flags of convenience. The Government be guaranteed.

e/ Vessels with Norwegian participation under flags of conve participation accounted for 539,000 dwt.

f/ Vessels with more than 50 per cent Swedish ownership oper bulk carriers (135,000 dwt) which are half-owned by a Swe the Swedish Government does not regard as being registere

g/ Foreign flag merchant ships owned by United States parent countries. Excluded are ships owned by United States ci in and incorporated in the United States.

h/ Totals for each open-registry country, as well as for Swe

i/ Source: "Review of Maritime Transport, 1977 : report of a United Nations publication. The total figures in this different dates, cut-off points, and countries.

1

fleets reported by home countries (Number of vessels and dwt)

as dwt	Liberia No.	Liberia '000 dwt	Panama No.	Panama '000 dwt	Singapore No.	Singapore '000 dwt	Total No.	Total '000 dwt
33	12	428	9	126	-		26	587
154	39	1,869	47	550	108	1,699	222	4,272
	..		..		..		951	29,154
3	21	1,197	48	158	2	5	74	1,362
	14	..	4	..	14	..	36	1,224
	4	73	5	..	-		9	73
3	374	43,224	86	5,290	-		401	48,517
192	464	46,791	199	6,124	124	1,704	1779	85,190
	2,517/ 155,951		3,267/ 31,593		872/ 11,351		7,753/ 206,099	

ipowners.

essels under Panamian flag on bareboat charter (493,691 dwt).

under flags of open-registry countries and contracted with
ble on ships beneficially owned by Greek nationals under
T, but the number of such ships is believed by the Greek

as stated that the completeness of this information cannot

ence; of the total tonnage of 1,224,000 dwt, Norwegian

ting under open-registry flags. These data exclude two
sh shipowner and half by the Liberian Government and which
under a flag of convenience in the ordinary way.

ompanies and registered under flags of open-registry
zens or foreign companies not owned by a company located

n are incomplete.

e UNCTAD secretariat" (TD/B/C.4/178) - to be issued also as
able are not comparable with those in table 2 on account of

replied that it is not in a position to assist the secretariat in its enquiries, but added: "The Bahamas has been operating as an open-registry country for a little over a year. All Bahamian ships, however, are presently owned by a majority of Bahamian nationals and the remainder by Commonwealth nationals; as such, they continue, all, to meet fully the former closed-registry requirements for ships to be registered in the Bahamas. In other words, although our register is now open to non-Commonwealth nationals, no foreigners have yet taken advantage of our facilities to register their vessels here." An interim reply was received from the Government of Cyprus, but no replies have been received from the Governments of Liberia, Panama or Singapore.

6. Thus, the net result of the secretariat's enquiries among Governments has been to identify the ownership of around 1,779 vessels of 85 million tons dwt, which would amount to only 41 per cent of the total tonnage of the open-registry fleets as at mid-1977. In terms of individual flags, the government responses identified ownership of 5 per cent of the dwt tonnage of the Cypriot fleet, 30 per cent of the Liberian fleet, 19 per cent of the Panamanian fleet, and 15 per cent of the Singaporean fleet.

II. CLASSIFICATION REGISTERS AND COMPUTER ANALYSIS OF COMMERCIAL DIRECTORIES 1/

7. A computer search was undertaken of data contained in the registers of classification societies and commercial directories in order to trace the ownership of vessels beyond the nominal owners recorded in the registers of open-registry countries. As in the case of the secretariat's enquiries, the aim has been to identify the beneficial owners, i.e. those who gain the pecuniary benefits from the shipping operations. However, certain of the commercial directories trace ownership only back to the first company of substance (as distinct from "paper companies" in the chain of ownership) which could be held responsible in operational matters, such companies being referred to as the "true managers" (as distinct from the nominal managers of "paper companies"). Consequently, in undertaking an investigation from these sources it has been appropriate to attempt a double identification of "true managers" as well as of beneficial owners.

8. For the purpose of this investigation the "true manager" of a vessel has been defined as the person, company, or organization responsible for day-to-day husbandry of the ship concerned. The data on "true managers" should be interpreted primarily as relating to the control exercised over open-registry operations.

9. The true country of a vessel has been assumed to be the country of domicile of the true manager. In some cases it has been difficult to identify the manager's country of domicile. A Greek shipowner might, for example, charter his vessels in London, handle their operations and maintenance programme from New York, and crew the ships from Greece. Similarly, another ship might be crewed from the Philippines, operated from Hong Kong and chartered from Japan. In such instances the country or territory from which the operation and maintenance of vessels are carried out (in these instances the United States and Hong Kong) has been taken as the true country or territory of management. To cover the special case of Greek operations, data have been tabulated in such a way as to facilitate a separate identification of vessels whose management and ownership have been attributed to United Kingdom-based and to United-States-based Greek shipowning entities.

10. The "true manager" of a vessel may also be its "beneficial owner", but in many instances the registers and directories indicate that the beneficial owner is a different person, company or organization. In such cases the beneficial owner indicated has been taken as the beneficial owner for the purposes of this report, and his or its domicile has been taken as the country of beneficial ownership. In the absence of any evidence indicating a difference between true and beneficial ownership, the true manager has been assumed to be the beneficial owner also, but as the evidence of this nature is understood to be incomplete, it is likely that the number of cases where true management and beneficial ownership differ is somewhat higher than shown in this report.

11. It had been intended to confine this investigation to the ownership of vessels registered under the flags of the six open-registry countries which were used as the basis of the secretariat's enquiries to governments, namely Bahamas, Bermuda, Cyprus, Liberia, Panama and Singapore. However, in view of the high percentage of true management and beneficial ownership of vessels under the flags of these countries traceable to Hong Kong, it was considered desirable to extend the investigation to cover vessels registered in Hong Kong. This extended coverage needs to be taken into account when comparing information received from governments with information received in the course of the present investigation.

1/ This section is based upon a report prepared for the UNCTAD secretariat by Messrs. A. and F. Appleaore (London) Ltd.

12. The result of the investigation has been to identify the true management and beneficial ownership of 98 per cent of the deadweight tonnage registered under flags of convenience. Ownership of the open-registry fleets appears to be concentrated in the hands of three countries and one territory - Greece, Hong Kong, Japan and the United States - which are true managers of 82 per cent of the total deadweight tonnage and which are beneficial owners of no less than 78 per cent. Twelve more countries are true managers of 14 per cent of the tonnage and beneficial owners of 16 per cent. The remaining countries are beneficial owners of insignificant percentages of the total.

13. Table 4 summarizes the data on home countries which beneficially own significant percentages of the open-registry fleets. It should be borne in mind, however, that data taken from such a mixture of sources cannot be expected to be accurate with respect to each and every detail: rather, the data should be accepted as providing an overall estimate of the situation. Second, it is possible that some countries purchasing open-registry vessels for transfer to their own flags may have been recorded as beneficial owners before completing transfer operations. Third, as noted above, the data cover vessels registered in Hong Kong, and hence are not fully comparable with the data received from governments. Fourth, where evidence on beneficial ownership was lacking, the true manager was assumed to be the beneficial owner, with a probable understatement of the difference between true management and beneficial ownership.

14. Even taking all of the above factors into consideration there would appear to be no doubt as to the extremely high degree of concentration both of the beneficial ownership of open-registry vessels and of the control of open-registry operations as indicated by true management. It is also apparent that there are some significant variations in the patterns of differences between beneficial ownership and true management. Some countries, such as Japan and the Federal Republic of Germany, would appear to be equally involved in the management and ownership of open-registry vessels; others, such as the United States, Greece, Hong Kong, Italy and Switzerland, would appear to be much more involved as beneficial owners than as managers; others, such as the United Kingdom, Monaco, and Singapore, appear to be much more heavily involved in management than in ownership. A considerable amount of open-registry tonnage is controlled by shipowners who themselves relatively insignificant beneficial owners, notably by Bermuda and London-based Greek shipowners.

Table 2

True managers and beneficial owners of open registry fleets, 1978

Home country or territory	True managers '000 tons dwt	Percentage of total dwt	Beneficial owners '000 tons dwt	Percentage of total dwt
United States	57,579	29.2	62,376	31.7
Greece	25,822	13.1	40,666	20.7
Hong Kong	20,581	10.5	33,304	16.9
Japan	18,728	9.5	18,105	9.2
Germany, Fed.Rep.	5,446	2.7	5,461	2.8
Unspecified	3,313	1.7	3,523	1.8
Italy	2,337	1.2	3,195	1.6
Switzerland	2,468	1.2	3,089	1.6
Singapore	3,104	1.6	2,740	1.4
Cananda	1,950	1.0	2,699	1.4
Israel	2,109	1.1	2,523	1.3
United Kingdom	12,316	6.3	2,284	1.2
Norway	2,001	1.0	2,010	1.0
Netherlands	809	0.4	1,201	0.6
Monaco	7,158	3.6	1,052	0.5
Rep. of Korea	1,049	0.5	1,049	0.5
Countries and entities, each beneficially owning less than 0.5 %	26,592 a/	13.4	7,887	4.0
Unidentified	3,667	2.0	3,665	1.9
World total	196,849	100.0	196,849	100.0

a/ This figure is mainly attributable to Bermuda (12 million tons), United Kingdom-based Greek shipowners (8 million tons) and United States-based Greek shipowners (1 million tons), none of which are involved in beneficial ownership to any significant extent (owning respectively 10,000 tons, 201,000 tons and 444,000 tons).

III. CONCLUSIONS

15. It is apparent that the governments of the home countries generally lack complete knowledge of the involvement of their nationals and residents in open-registry operations. Of the nine countries which stated that they were involved in the beneficial ownership of open registry vessels, two indicated that they had no data, while a further five stated, explicitly or implicitly, that the data they supplied was only partial. Of the seven countries which stated that they had no data on their involvement, five would appear to be substantially involved, even making allowances for possible inaccuracies in the data compiled from unofficial sources.

16. Thus, apart from throwing light on the ownership and commercial control of the open-registry fleets, the data obtained for the preparation of this report have confirmed the validity of claims which were made in the Working Group to the effect that the open-registry fleets were operating without effective government control or regulation, since without the necessary knowledge governments are not able to exercise control.

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Merchant fleet development

Report by the UNCTAD secretariat */

CONTENTS

Chapter		Paragraphs
	Introduction	(i) - (ii)
I.	The issues	1 - 7
II.	Review of past progress	8 - 24
III.	Liner fleet development	25 - 33
IV.	Bulk fleet development	34 - 66
	A. Competition in bulk shipping	34 - 46
	B. Dry bulk cargoes	47 - 53
	C. Tanker cargoes	54 - 62
	D. Tentative assessment	63 - 66
V.	Financial aspects	67 - 74
VI.	Policy recommendations	75 - 76

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INTRODUCTION

(i) At its third session, the United Nations Conference on Trade and Development expressly recognized "that developing countries should have an increasing and substantial participation in the carriage of maritime cargoes ..".1/ Subsequently the Committee on Shipping, at its eighth session, reviewed the situation and concluded that past efforts by developing countries to develop their merchant marines had not been successful to the extent desirable. The Committee noted with concern the present low position of the fleets of developing countries, in particular among the tanker and bulk carrier fleets, and requested the UNCTAD secretariat to prepare a set of guidelines to increase the competitiveness of the merchant fleets of developing countries, especially in the dry and liquid bulk sectors. 2/ More recently, the Ad hoc Intergovernmental Working Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of Registry concluded, inter alia, that the competitiveness of the fleets of developing countries was being adversely affected by the expansion of the open-registry fleets (or so-called flag-of-convenience fleets). 3/ At its eighteenth session the Trade and Development Board took note of the report of the Ad hoc Group and requested the Secretary-General of UNCTAD to transmit the report to the Conference at its fifth session. 4/

(ii) The present report discusses the policy issues involved in the development of merchant fleets. Statistical tables indicating the involvement of developing countries in movements of bulk cargoes are to be found in document TD/222/Supp.2.

1/ Conference resolution 70 (III), para.10.

2/ See Official Records of the Trade and Development Board, Seventeenth Session, Supplement No.3 (TD/B/643), annex I, resolution 28 (VIII), para.1. The guidelines are being prepared by the secretariat.

3/ Report of the Ad hoc Intergovernmental Group on the Economic Consequences of the Existence or Lack of a Genuine Link between Vessel and Flag of Registry (TD/B/C.4/177), annex.

4/ See the report of the Trade and Development Board on its eighteenth session (TD/B/728), paragraph 446. (The report will be issued subsequently in Official Records of the General Assembly, Thirty-Third Session, Supplement No. 15 (A/33/15, vol.II).

Chapter I

THE ISSUES

1. The low participation of developing countries in world shipping reflects the manner in which economic institutional arrangements are structured so as to maintain control over activities in this field by the shipowners and transnational corporations of a small group of developed market-economy countries. Developing countries export 61 per cent of world seaborne cargoes, but they own less than 8 per cent of the world fleet. The contrast is particularly marked in the bulk trades where developing countries export 90 per cent of tanker cargoes and over one third of the main dry bulk cargoes, yet own less than 6 per cent of the world fleet of tankers and bulk carriers.

2. The traditional maritime nations have conceded the right of developing countries to participate in the liner trades, 5/ which account for 20 per cent of world cargoes, but, except in very general and indirect terms, 6/ they have not recognized the rights of developing countries to participate in the world bulk trades, which account for 80 per cent of world cargoes, and in practice many developed market-economy countries (which are the main importers of bulk cargoes) appear to treat their developing trading partner countries (which are mainly exporters) as if they had no rights to participate in this transport. In fact, world bulk transport is dominated by developed market-economy countries, which own no less than 90 per cent of the world bulk fleet.

3. The complex nature of international bulk shipping would make it difficult to evolve any single principle to govern rights in relation to transport. Certain cargoes move on a regular basis and offer constant employment for tankers and bulk carriers plying on shuttle services between trading partner countries, and such cargoes could be transported by vessels flying the flags of the trading countries. Other cargoes are shipped irregularly and must necessarily be transported in vessels which engage in general worldwide trading. However, there would appear to be no valid reason why the transport of both types of cargoes should continue to be dominated by shipowners and transnational corporations of developed market-economy countries.

5/ See United Nations Conference of Plenipotentiaries on a Code of Conduct for Liner Conferences, vol.II, Final Act (United Nations publications, Sales No. E.75.II.D.12).

6/ See Conference resolution 12 (II), para.1; Conference resolution 70 (III), paras.8 and 10; and General Assembly resolution 3202 (S-VI), section 4, para.(e).

4. The developed market-economy countries not only dominate the transport of a much greater tonnage than they generate by their own trade, but maintain their domination despite their increasing inability to supply the shipboard labour which is one of the critical inputs of bulk shipping. Logically, their shipowning corporations might have been expected to transfer some of their investments in order to establish shipping companies in the developing countries that can provide the necessary labour, but instead they use cheap labour from the world's poorer countries and at the same time to retain complete ownership and control of the vessels through the device of registering ships under "flags of convenience", without giving an equitable share in the benefits of shipping operations either to the countries which provide the flags or to the countries which provide the labour. In recent years there has been a steady transfer of shipping operations from the flags of developed market-economy countries to the flags of open-registry countries, to the point where a third of the world's fleet is now sailing under flags of convenience.

5. Flag-of-convenience operations have continued because, although it is internationally accepted that there must be a "genuine link" between a vessel and its country of registry, up to the present only certain elements of the link have been identified. The Ad hoc Working Group 7/ has now identified several elements additional to those previously identified which it stated are "normally relevant" when considering whether or not a genuine link exists between a vessel and its country of registry 8/ what is now needed is international acceptance of these elements as being indispensable to the existence of a genuine link, so that action could be taken gradually to restrict and ultimately phase out flag-of-convenience operations which are adversely affecting the development of the national flag fleets of developing countries. A gradual closure of the open registers would also enable countries at present offering open-registry facilities to benefit from an increasing participation in the operation of ships registered under their own flags.

6. Developing countries have two valid grounds for claiming increased participation in shipping: first, they are trading nations which generate cargoes, and second, they can operate more economically than the traditional maritime countries can operate under their own flags. For many developing countries, entry into bulk shipping would offer a logical avenue for industrial development since it is a direct downstream activity for those countries which serve as quarries, mines and wells for the extractive industries of developed

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7/ Cf. footnote 3 above.

8/ See paragraph 1(b) of the resolution adopted by the Ad hoc Working Group (document TD/B/C.4/177, annex).

countries; it would offer the developing countries a direct possibility for evolving from their present passive role as suppliers of natural resources to an active role contributing to the economy and the balance of payments. Whether or not particular developing countries wish to expand into bulk shipping is a matter for them to determine for themselves, but a refusal of their claims to participate could only be interpreted as a determination to maintain existing institutional arrangements and to prevent developing countries from developing in accordance with the new international economic order.

7. There is, therefore, a need for new mechanisms that would ensure reorientation of the international relations in shipping so that developing countries can achieve increasing participation in the world bulk fleet. Fragmented measures on some aspects only are not sufficient: a comprehensive set of measures is needed.

Chapter II

REVIEW OF PAST PROGRESS

8. Although the bulk sector of shipping accounts for roughly 70 per cent of the world cargo tonnage loaded (about 54 per cent on tankers and about 24 per cent on bulk carriers), past efforts of developing countries to build up their merchant fleets have been concentrated in the liner sector, which accounts for only about 30 per cent. This is attributable to a number of factors.

9. A considerable amount of bulk cargo is transported by "industrial carriers", i.e. vertically integrated industries which own or control tankers and bulk carriers, and to a large extent developing countries have not been directly involved as users of bulk vessels. In so far as they have been direct users, bulk shipping has always been relatively satisfactory, as regards both the services provided and the rate levels. Bulk shipment (i.e. shipment of complete ship-loads of homogeneous products between a limited number of ports) is a technically efficient operation and relatively inexpensive. On the other hand, liner shipping has been a constant source of dissatisfaction, especially as regards rate levels. Liner shipment (i.e. the shipment of small consignments of heterogeneous cargoes between a large number of loading and discharge ports) is a relatively inefficient and expensive operation in the technical sense. Moreover, in ocean trades, rates are determined by price-fixing cartels - the liner conferences. Liner shipping has therefore come to be regarded as the sector requiring action in the first instance and many developing countries have reacted by building up liner fleets in the expectation that ownership of their own liner vessels would reduce rate levels, or at least bring home a share of the profits commonly attributed to liner operations. Some developing countries have also been attracted to investments in liner shipping by the high levels of freight rates and consequent expectations of foreign-exchange savings and earnings.

10. At the same time, certain factors have tended to repel developing countries from becoming involved in bulk shipping. Unlike liner vessels, which sail on fixed routes, most "independent" tankers and bulk carriers (i.e. those not owned by the vertically integrated industries) engage in world-wide trading away from their home countries. World-wide trading has appeared relatively complex to many countries, compared with the simplicity of operating a liner service to and from the home country, carrying cargo generated by the country's trading activities, and in respect of which the country may claim some natural rights to participate in the carriage.

11. The tankers and bulk carriers operated by industrial carriers often sail on set routes to or from developing countries, but these countries have often found themselves powerless to intervene in vertically integrated operations. For example oil-producing countries have purchased tankers but have been unable to obtain employment for them because the transnational oil companies control transport, distribution and marketing.

12. Furthermore, although many developing countries ship bulkable quantities of particular commodities, they nevertheless often rely upon liner services for historical reasons dating from an earlier period when the total quantities were insufficient to justify bulk shipments. In such instances, the countries have usually concentrated on trying to improve the liner system rather than on trying to switch to more economical bulk methods, since a changeover to bulk shipping would seem a change not only in shipping methods but also in the marketing and distribution systems inherited from the colonial era, and this would involve more complex policy decisions. Developing countries concentrated their efforts in the international forums in securing - and succeeded in securing - recognition of their rights to participate in the liner trades.

13. For all these reasons, most developing countries which have acquired fleets have entered the liner trades rather than the bulk trades. For the most part they have followed the pattern set by the traditional maritime nations in whose trades they have sought to participate: they have ordered conventional general cargo vessels; they have followed the same trade routes, become members of the same liner conferences, and generally charged rates fixed by the liner conferences in which the traditional maritime nations hold the majority of the voting power. The liner companies of developing countries have undoubtedly ensured a more sympathetic hearing by the liner conferences of the problems besetting those countries and more favourable rates for specific commodities in most trades, and they have brought home some of the ship-owning profits which would otherwise have been earned by the traditional maritime countries. Nevertheless, the problem of reducing rate levels still calls for attention.

14. In the future the developing countries will need to formulate a policy which will ultimately give them the liner services they need as ship-users and, at the same time, provide scope for national flag participation, taking into account the fact that participation usually involves joining the very cartels whose activities have traditionally been regarded as contrary to the interests of developing countries.

15. Concurrently, the traditional maritime nations, which suffer from high labour costs, have been divesting themselves of labour-intensive general cargo vessels in their liner trades and investing in capital-intensive container ships. Since container vessels are capable of a higher number of round voyages per annum than are general cargo liners, the developed market-economy countries (which own almost all of the containerships in the world fleet) have a higher cargo-carrying capacity in the liner sector than their fleet percentage would suggest. Equally, the 15 per cent share which developing countries hold in the general cargo fleet gives an exaggerated impression of their share in the world cargo-carrying capacity.

16. At the same time, the high crew costs of the traditional maritime nations have adversely affected their ability to participate in the bulk trades. In the liner trades a country may sometimes off-set high crew costs by efficient cargo-handling methods which reduce the amount of time and labour engaged in stevedoring activities, thus maintaining its competitive position against countries with lower crew costs. But the bulk trades are usually operated on

on f.i.o. basis (which means that the stevedoring operations are undertaken by the shipper and consignee) so that no such off-setting is possible. In the liner trades, too, the high-cost countries have been shielded from lower-cost competition by the conference cartel arrangements, but in the bulk trades they have no such protection. Faced with the direct impact of their high crew costs, and the increasing difficulty which they are having in persuading men to go to sea whatever the wages, the richer countries have been forced to look for cheaper and more available labour. Since capital and voyage costs are practically the same for vessels of all flags, shipowners operating under different flags can only increase their competitiveness by reducing their daily operating costs (of which crew costs are the biggest item). 2/

17. The laws of most maritime countries restrict, or even prohibit, the employment of foreigners on national flag ships, for reasons of safety and defence, and because of the difficulties of operating such a small community unit as a ship with mixed nationalities.

18. In this situation it might have been expected that corporations of the developed market-economy countries would have established subsidiary or affiliated shipping companies in countries with a supply of cheaper labour. This would mean setting up joint-ventures in developing countries, renouncing some of their exclusive control and allowing a degree of participation by the countries concerned. This undoubtedly would have occurred but for the existence of several countries offering open-registry facilities. These open-registry countries are prepared, for a small fee, to "sell" their flags to shipowners of other countries without asking in return for any of the powers of control or participation which are normally exercised and enjoyed by countries under whose flags ships are registered.

19. The fleets of the open-registry countries offering "flags of convenience" have grown from 21.6 per cent of the world dead-weight tonnage at the beginning of the 1970s to 31.1 per cent in mid 1977. During the same period, the percentage of vessels registered in the developed market-economy countries declined from 66.7 per cent to 55.8 per cent, indicating a steady transfer of operations. In mid 1977, 56 per cent of the open-registry fleet consisted of tankers, and a further 27 per cent were bulk carriers. Only 12 per cent of the open-registry fleet consisted of general cargo vessels, and a proportion of these would have been employed in the bulk trades. The only vessels which can clearly be identified as liner vessels - i.e. container ships - accounted for only 0.3 per cent of the open-registry fleet.

2/ The daily costs for a 200,000 ton tanker amount to $ 5,400 under the Swedish flag, but only $ 4,100 under a flag of convenience. Source: "Shipping", brochure issued by the Swedish Shipowners' Association, 1978. The UNCTAD secretariat is preparing a report on the subject of comparative labour costs, which will be published under symbol TD/222/Supp.4

20. Ship-owners who have resorted to flags of convenience have not been motivated solely by their labour problems but also by a desire to evade or avoid taxation, to have complete freedom in utilising their cash flows, and to avoid various national laws and controls which they regard as irksome. However, the fact that the major transfer of operations has occurred in the bulk sector (where, as already noted, the impact of high crew costs is especially severe owing to the lack of off-setting possibilities in f.i.o. operations and the lack of conference price-fixing arrangements) suggests that labour problems have played a prominent role in motivating the transfer from the flags of the richer countries, and in the absence of open-registry countries developing countries might be expected to benefit from a greater participation in bulk shipping.

21. Developing countries have two valid grounds for claiming increased participation in bulk shipping. First, countries may claim some rights to participate in the transport of cargoes which are generated by their own foreign trade - just as they have claimed, and obtained recognition of, the right to participate in the carriage of liner cargoes generated by their trading activities. Second, those countries which supply the labour needed to man tankers and bulk carriers may reasonably claim a greater participation in bulk shipping operations than they currently have as mere providers of ship-board labour to foreign-flag vessels.

22. Some spokesmen from the traditional maritime nations oppose any claims to transport bulk cargoes by the national vessels of the trading countries concerned on the grounds that any such interference with the free market would increase transport costs. These arguments are valid with regard to certain segments of the bulk trades (for example, in the spot market, where insistence upon a particular flag could involve positioning costs and deprive a country of the use of a vessel already in position), but defective in ignoring the substantial segments of the bulk trades which do not come on to the open market and which are handled by vessels in constant employment on regular shuttle services. Cargo carried by operations of the latter type could be shipped by national-flag vessels without creating undue problems. Hitherto, arguments on this issue have been advanced mainly in terms of assertions and counter-assertions: what has been needed is a statistical examination of the bulk trades to determine the actual involvement of developing countries in bulk cargo trades, and to determine the extent to which their bulk cargoes are being handled by vessels in regular employment, as distinct from irregular sailings by vessels operating on the world-wide market.

23. Equally, the developing countries which are at present supplying ship-board labour for flag-of-convenience vessels engaged in world-wide trading could increase their participation in such operations without disrupting the open market.

24. In considering the possibilities for fleet expansion by the developing countries the tanker and bulk carrier sectors obviously deserve priority, as these are the sectors in which progress has been lagging. However, attention also needs to be given to liner fleet development. It is necessary to examine not only the possibilities for increasing participation but also for holding down rate levels, and to examine whether it would be desirable for developing countries to follow the industrialized countries in switching to container operations.

Chapter III

LINER FLEET DEVELOPMENT

25. Policies relating to liner fleet development need to be formulated in order to obtain economical services and to extend participation by national-flag vessels.

26. The high level of liner rates is partly attributable to the price-fixing arrangements of the liner conferences which national lines are impelled to join, but it is also attributable to the high level of costs. While liner costs will inevitably be higher than costs in the bulk trades because of the very nature of liner operations, the fact remains that in many, if not most, liner trades costs are unnecessarily high as a result of overtonnaging, duplication of services, and the use of liner services for commodity movements which could be handled more economically by bulk methods. This is an area in which action by developing countries is both possible and feasible.

27. In most liner conferences traditional practice has been to conceal, rather than to explore, the operational wastage caused by overtonnaging and duplicated services since, in the absence of pressure from effective shippers' organizations, it has been simpler to pass on the costs in the form of higher freight rates than to eliminate the inefficiency by rationalizing services. Developing countries can reverse this trend by insisting upon an open examination of the cargo services actually required in terms of the tonnages moving and the arrival and departure frequencies needed, and by pressing for services to be rationalized so as to match the actual requirements. Where the cargo tonnages are insufficient to fill vessels of each and every trading country, while observing the sailing frequencies required for trading purposes, the obvious solution lies in the institution of joint sailing arrangements whereby neighbouring countries can ensure the use of each others' vessels on successive sailings. This applies to developed as well as to developing countries.

28. At the same time it is essential to investigate the possible use of bulk techniques for the movements of commodities which have been traditionally shipped by liner services. Such investigations are being facilitated by the rapid strengthening of commodity groups, which, following the impetus given by the Integrated Programme for Commodities, have become much more conscious of the desirability of better organization among their members and of the possibilities for collective bargaining on the open market to obtain cheaper transport services. Several successful moves have already been made in this direction and commodity groups have found that, whether or not they actually move outside the liner system to adopt bulk methods, they have increased their bargaining powers in dealing with the liner conferences and, in the process, have forced liner operators to become much more cost-conscious.

29. A conflict may arise between a developing country's shipowning interests and its interests as a ship-user if its national shipping line persists in operating its vessels as traditional liners, while at the same time a commodity group within the country decides that the preservation of its market position calls for a lowering and stabilization of freight rates which could be achieved

only by switching to bulk methods. Such a conflict may be avoided, however, if the government is constantly re-assessing the types of shipping services which the country needs. Many of the commodities being shipped from developing countries have "out-grown" the traditional liner services which were developed to handle smaller quantities in colonial days, and many of the general cargo vessels which developing countries are currently operating in the liner trades may perform more useful services for their countries if switched to bulk (or "neo-bulk") services to cater for commodity movements which cannot withstand the high freight rates applicable to frequent, multi-port, liner services. This applies particularly to primary products which have to compete against synthetics on the overseas markets. A re-assessment of a country's frequency needs as regards imports may well reveal that imports also could be adjusted to meet the sailing frequencies determined by bulk or neo-bulk exports, thus providing economical employment for vessels in both directions.

30. At the other extreme, in so far as a developing country needs fast, frequent liner services with short transit times, serious consideration should be given to the operation of container vessels, this being one segment of the liner trades in which the developing countries are seriously lagging behind the traditional maritime countries. While developed countries might be expected to own the major percentage of the world container fleet (since most of the containerized traffic moves from one developed country to another), there is no valid reason why container services between developed and developing countries should be dominated by operators from the traditional maritime nations.

31. In establishing container services it is essential that developing countries should relate their plans to their actual needs and not, as some of the industrial countries have done, build vessels which can only be filled by loading containers with cargo which could be shipped more economically by neo-bulk services. Shippers of low-value neo-bulk items which cannot stand high freight rates should not be forced to use containers.

32. Developing countries cannot look to the traditional maritime nations to provide them with a lead for liner fleet development because too many vested interests are involved. A country which seeks participation merely by following leads established by the traditional maritime countries may find that it gains the participation it seeks yet fails to provide the services which its trading interests need.

33. Developing countries, therefore, need to make their own assessments of the types of liner services which should be provided.

Chapter IV

BULK FLEET DEVELOPMENT

A. Competition in bulk shipping

34. Before discussing what steps could be taken to increase the participation of the bulk fleets of developing countries it is first necessary to examine the manner in which the bulk fleets of the traditional maritime countries obtain employment. As noted in Chapter II some vertically integrated industries ('industrial carriers') own vessels to transport cargoes which they themselves control. Otherwise shipowners obtain cargoes either by 'private fixtures' (i.e. by directly negotiating with cargo-controlling interests) or by 'fixing' vessels on the open market through the shipping exchanges. Fixtures of either type can secure employment for single voyages, a series of consecutive voyages, or for specified periods of time, though most long-term contracts of affreightment are negotiated privately. Industrial carriers normally own insufficient tonnage to cover all of their requirements and obtain the balance by time charters (normally to cover long term purchases or sales) and voyage charters (normally to cover spot purchases and sales).

35. The tonnage covered by fixtures reported on the open market amounts only to around 10 per cent of the total tonnage carried by non-liner methods. The remaining 90 per cent is carried by industrial carriers or under private fixtures, but the relative role of industrial carriers and shipowners operating under private fixtures is not entirely clear. It is known that the transnational oil companies own 40 per cent of the active world tanker fleet and control another 34 per cent through time charters, but no comparable figures are available for the world bulk carrier fleet.

36. The term "private fixtures" covers several different types of arrangements, the relative weights of which are unknown. In some instances, parties negotiate fixtures more or less at arm's length, each being influenced partly by knowledge of the rates and conditions obtainable on the open market, and partly by past experience of each other as business partners. In other instances, the companies which own the cargo are under government pressure to use carriers of a particular flag, in which case the open market conditions are of very limited relevance to the negotiating parties.

37. On the open market bulk shipping is highly competitive in the sense that shipowners compete by their ability to under-cut their competitors and by their records of efficiency as carriers. The same considerations apply to bulk shipping operated under the types of private fixtures which are influenced by the open market. As already noted, the device commonly used by shipowners from countries with high cost levels to remain competitive is to register their vessels under flags of convenience, whereby they gain not only the use of cheaper labour but also other financial advantages such as freedom from taxation.

38. Otherwise, however, it would appear that bulk shipowners compete for employment to a large extent by competing to secure some sort of tie over cargo movements, either directly or by entering into contractual arrangements with parties who control tied cargoes. The cargoes of industrial carriers are clearly "captive cargoes", as are many of the cargoes covered by private fixtures between affiliated companies, but even where cargoes are not actually owned by the shipowner or an affiliate, an owner may nevertheless secure an indirect tie on a cargo movement by long-term contractual arrangements. In fact, shipowners often obtain finance for newbuildings by virtue of the fact that they have tied the cargoes under long-term arrangements. In certain segments of the bulk trades this aspect appears to be vital: shipowners who can operate efficiently and economically may still fail to gain employment for their vessels if they are "shut out" from the contractual and other arrangements which tie the cargo. 10/ Secure employment reduces operating costs, because a shipowner with guaranteed employment can secure much better terms for financing the purchase of a vessel and reduce his management costs.

39. Developing countries seeking to increase participation in the carriage of bulk cargoes generated by their own trade would logically start with those cargo movements which offer constant employment for bulk carriers or tankers, rather than with cargoes which are carried by irregular sailings of vessels employed in world-wide trading, and it would appear that efforts should be concentrated on examining the manner and extent to which such cargoes are at present tied to foreign enterprises. At the present time, many of the natural resources of developing countries are being exploited under government contracts which leave shipping rights in the hands of the concession-holding foreign company. This applies particularly to the oil-producing developing countries. Similarly, many developing countries are importing petroleum and other bulk items under contracts which leave transport arrangements in the hands of the supplier companies. Developing countries could well examine the possibilities, when renewing or re-negotiating such contracts, of including tie-clauses to secure a reasonable portion of such cargoes for carriage in national flag vessels. They could then follow the tactics of the shipowners of developed countries in basing their bulk fleet expansion upon tied cargoes.

40. In identifying appropriate cargo movements it is necessary to identify not only those which actually offer, but also those which could offer, constant employment. Many bulk movements, especially in the petroleum trades, appear to be appropriate for regular shuttle services, but are in fact being wholly or partly served by vessels engaged in irregular world-wide trading. It is possible that the trading patterns of such vessels are determined not by factors affecting cargo, but by the owners' preference for dry-docking in particular ports and for crew changes (although air transport is being used increasingly for crew changes). National flag vessels, employing national crews, and using national or regional dry-docking facilities may be able to operate regular shuttle services. Such matters need to be investigated.

10/ The manner in which tanker cargoes are controlled is described in TD/222/Supp.3 "The maritime transport of hydrocarbons". It has not yet been possible to compile similar information on the control of dry bulk cargoes.

41. Traditional maritime circles question whether developing countries could operate tankers and bulk carriers efficiently as traditional operators. However even if the traditional maritime countries' fleets are operating more efficiently there is no evidence to suggest that the benefits of this extra efficiency are being passed on. A transnational oil company, for example, may time-charter a tanker at world market rates, but sell the petroleum to a developing country at a lump-sum price which includes the price of the oil and insurance and an inflated price for transport. Similarly, the f.o.b. prices paid to developing countries for exports do not necessarily reflect the low freight rates available on tramp's market.

42. However, there appears to be no substantial reason why developing countries could not operate tankers and bulk carriers economically. Developing countries can supply ship-board labour at wage levels below those prevailing in developed countries, and in some instances below the levels prevailing on flag-of-convenience vessels. Furthermore, in many respects they need less expertise to operate tankers and bulk carriers, particularly for bulk operations under long-term contracts, than they need for liner operations. The efficiency of a liner operation depends very largely upon the efficiency of voyage planning and cargo handling, which require a high level of expertise, whereas in operations under f.i.o. conditions the consignor and consignee take care of loading and discharging, and voyage patterns are much simpler. The one competitive disadvantage which developing countries would inevitably suffer would be their inability to compete with the tax and other financial advantages enjoyed by owners operating under flags of convenience.

43. This disadvantage (which equally affects the national flag fleets of developed countries) calls for restraint of activities of the open-registry fleets. This would mean the loss of their tax-free advantages, but there is no evidence that these were ever passed on to shippers anyway.

44. Developing countries, which have valid claims to increased participation in bulk shipping by virtue of their role as suppliers of ship-board labour, have even stronger reasons for calling for the ultimate closure of open registers. In fact, the closure of open registers is the only factor likely to induce the shipowners of the richer countries to transfer some of their investments in order to establish shipping companies in the developing countries which can supply ship-board labour.

45. The open-registry fleets constitute a phenomenon which has built up during the past two decades, and it would be unrealistic to expect any sudden closure of open registers. Nevertheless, it would not be unreasonable for the countries which are promoting their national flag fleets to press for a gradual closure of the open registers over a period of years. To achieve a closure, in practical terms it would be necessary to reach world-wide agreement on the necessity for a vessel to contribute to the national economy of the country of registry, for countries of registry to have an equitable participation in the beneficial ownership of vessels, and for such countries to be entitled to employ their nationals on board vessels and to include the revenues and expenditures, as well as sales and purchases of vessels, in their national

balance-of-payments accounts. 11/ Furthermore, it would probably be necessary to secure international agreement to "freeze" existing open registers and to take punitive action against any country trying to establish a new open register, on the understanding that the countries at present offering open-registry facilities would close their registers over a period of years while gradually increasing their demands for participation in beneficial ownership and employment rights.

46. The closure of open registers is, however, a long-term measure. In the immediate future the possibilities for bulk fleet expansion depend upon an examination of existing bulk cargo movements. Dry bulk and tanker cargoes must each be examined in order to determine the involvement of developing countries.

B. Dry bulk cargoes

47. The cargoes carried by dry-bulk carriers consist mainly of five commodities: iron ore; coal; grain 12/; phosphate; and bauxite/alumina. Together the five "major bulks" (as these are known) amounted to 646 million tons in 1976 (the last year for which figures are available) and accounted for 78 per cent of all cargoes carried by bulk carriers, and for 19 per cent of all world cargoes. The remaining 22 per cent of cargoes carried by bulk carriers (amounting to 5 per cent of world cargoes) consists of about 15 "minor bulk" commodities 13/ which are sometimes shipped by the full ship-load in bulk carriers and sometimes shipped either as liner cargo or as full loads on general cargo vessels. In 1976, the minor bulk commodities shipped on bulk carriers amounted to 178 million tons.

48. To determine which of these bulk movements might form an appropriate base for developing the bulk carrier fleets of developing countries, data have been extracted from 1975 and 1976 trade data on all movements of the five major bulk commodities from or to developing countries which amount to 100,000 tons per annum or more. Annex I 14/ lists the developing countries, commodities and tonnages, and trading partners.

11/ On this aspect, see the resolution adopted by the Ad hoc Intergovernmental Working Group (TD/B/C.4/177, annex).

12/ In this context, "grain" comprises wheat, maize, barley, oats, rye, sorghum and soya beans.

13/ Manganese ore, mineral sands, raw sugar, scrap, pig iron, gypsum, coke, salt, timber, sulphur, cement, iron pyrites, steel, non-ferrous ores, fertilisers.

14/ See TD/222/Supp.2 (provisionally issued as document UNCTAD/SHIP/178).

49. The existence of a cargo flow of 100,000 tons or more does not in itself indicate the existence of a regular bulk service since much depends upon the sizes of the vessels, sailing frequencies and distances, but generally speaking movements of less than 100,000 tons are likely to be served by occasional sailings rather than by regular shuttle services, (though exceptions may occur on short-haul routes, for example, within the Mediterranean). This figure has, therefore, been selected as the lower limit for the purpose of arriving at a preliminary global estimate of the involvement of developing countries in regular shuttle movements of the five major bulk items.

50. Annex I shows that 52 developing countries and territories are involved in substantial movements of the major bulk dry cargoes: 15 as exporters only, 19 as importers only, and 18 as both exporters and importers. An even greater number would be involved if the movement of minor bulk items by bulk carriers were taken into account.

51. As regards exports, the global position can be summarized as follows:

Exports of developing countries	Tonnages ('000) imported by categories of trading partner countries			Total tonnages
	Developing countries	Developed market-economy countries	Socialist countries of Eastern Europe	
Iron ore	2,000	146,900	6,200	155,100
Coal	160	-	-	160
Grain	2,608	2,482	702	5,792
Bauxite/alumina	110	20,701	1,986	22,797
Phosphate rock	1,600	17,100	5,000	23,700
Totals:	6,478	187,183	13,888	207,549

52. The global position as regards imports is as follows:

Imports of developing countries	Tonnages ('000) exported by categories of trading partner countries			Total tonnages
	Developing countries	Developed market-economy countries	Socialist countries of Eastern Europe	
Iron ore	2,000	600	-	2,600
Coal	160	3,830	1,660	5,650
Grain	2,608	28,785	-	31,393
Bauxite/alumina	110	335	-	445
Phosphate rock	1,600	2,000	-	3,600
Totals:	6,478	35,550	1,660	43,688

53. In total, therefore, developing countries are involved in substantial movements of the major dry bulk items, amounting to 201 million tons per annum as exporters, 37 million tons as importers, and 6.5 million tons as both exporters and importers.

C. Tanker cargoes 15/

54. Tanker cargoes, which account for about 54 per cent of total world seaborne cargoes, consist of two main items: crude petroleum and petroleum products. In 1976, shipments amounted to 1,418 million tons of crude oil, and 260 million tons of oil products.

55. The fourteen developing countries which constitute the world's major oil producers 16/ exported 91 per cent of the total crude oil carried by sea in 1976 while about another 12 developing countries which are minor exporters of crude oil 17/ exported a further 4 per cent.

15/ Further data on this topic is being published in "The maritime transport of hydrocarbons" (TD/228/Supp.3), a report being prepared by the UNCTAD secretariat.

16/ Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Nigeria, Oman, Qatar, Saudi Arabia, United Arab Emirates, Venezuela.

17/ Angola, Brunei, Brazil, Congo, Egypt, Malaysia, Mexico, Netherlands Antilles, Peru, Syrian Arab Republic, Trinidad, Tunisia.

56. The situation of these oil-exporting countries in relation to world exports of crude oil is fairly well documented and does not call for detailed discussion in the present context: the global situation in 1975 can be summarized as follows:

Exports of developing countries	Millions of tons imported by categories of trading partner countries				Total tonnages
	Developing countries		Developed market economy countries	Socialist countries of Eastern Europe	
	14 major producers	Others			
14 major producers	1.0	204.3	1,114.8	18.3	1,338.4
Approximately 12 minor exporters	-	7.9	50.9	0.8	59.6
Totals:	1.0	212.2	1,165.7	19.1	1,398.0

57. Annex II 18/ gives estimates of the seaborne imports of crude oil by developing countries in 1975, together with estimates of the tonnages imported from different supplier countries. These indicate that 55 countries 19/ imported a total of 206 million tons, importing 91 per cent (187.8 million tons) from the major oil producers, 0.6 per cent (1.2 million tons) from other developing countries, 4 per cent (7.7 million tons) from socialist countries of Eastern Europe, and 0.1 per cent (250,000 tons) from developed market-economy countries. The suppliers of about 4 per cent of their imports are unknown.

58. In so far as suppliers are known, it may be said that 35 of the above countries imported from a single supply area, 8 from 2 areas, 6 from 3 areas, and 4 from 4 areas. Subject to more detailed examination, many of these crude oil import movements could well provide an appropriate basis for operating national flag tankers in regular employment.

59. Although export and import figures cannot be completely reconciled, it appears that developing countries are involved in crude oil movements in the region of 1,185 million tons per annum as exporters, 213 million tons as importers and 8 million tons both as exporters and as importers.

18/ See TD/222/Supp.2 (provisionally issued as document UNCTAD/SHIP/128).

19/ This figure excludes Bahrein, which occupies a special position since it is basically an exporter of oil products which it refines from crude oil imported from neighbouring countries. Some other countries and territories also perform a similar function but, unlike Bahrein, they are located away from the sources of production.

60. Movements of oil products are more difficult to identify than those of crude oil on account of the scarcity and unreliability of statistical data. Except for some of the major movements involving developed market-economy countries, it is difficult to identify trading partner countries, to separate seaborne from landborne movements, and to isolate tonnages exported as ships bunkers or aircraft fuel. The product trades are more complex than the crude oil trades because products are exported not only by oil producers but also by non-producing countries that possess refineries. The term "petroleum products" embraces more than ten sub-items and importers often have to draw their supplies from different sources, so that annual movements are not only much smaller than those of crude oil, but more fragmented.

61. Annexes III and IV 20/ list available data on the exports and imports of petroleum products by developing countries. The following table summarizes the position as regards the main exporting and importing countries:

Groups of developing countries	Exports (million tons)	Imports (million tons)
14 major oil producers plus Bahrein	81.3	8.0
8 countries each exporting more than 1 m tons*	86.2	
11 countries each importing more than 1 m tons*		34.9
36 countries each importing from 0.2 to 1 m tons		16.8
Total (66 countries)	167.5	59.7

* Netherlands Antilles and Singapore are included in each of these groups.

20/ See TD/222/Supp.1 (provisionally issued as document UNCTAD/SHIP/128).

62. The remaining exports and imports listed in annexes III and IV appear unlikely to provide a basis for regular national flag tanker operations, at least on the part of individual countries, though further examination may indicate some scope for joint tanker operation by neighbouring countries which collectively import substantial quantities, and in some instances small countries located near sources may be able to keep small tankers in continuous employment. For present purposes it is assumed that the best prospects would lie with the 68 countries indicated above. On the assumption that about 70 per cent of the imports (i.e. 41.8 million tons) were supplied by developing countries (which would be in accord with global figures), the 68 developing countries appear to be involved in movements of 125 million tons as exporters, 18 million tons as importers, and in movements of around 42 million tons both as exporters and as importers.

b. Tentative assessment

63. As trading nations, developing countries are involved in annual shipments of around 1.8 billion tons of bulk cargoes which, subject to more detailed examination, may provide regular employment for tankers and bulk carriers on set routes, and hence opportunities for bulk fleet expansion by developing countries by virtue of their positions as trading nations. Details (in million tons) are as follows:

Bulk cargoes of developing countries	Exporters only	Importers only	Exporters + Importers	Totals
5 major dry bulk items	201	37	7	245
Crude oil	1,185	8	213	1,406
Petroleum products	125	18	42	185
Totals:	1,512	63	261	1,856

64. In considering claims of developing countries to participate in the carriage of bulk cargoes generated by their trade it is also necessary to consider the claims of trading partner countries. But it must be noted that the main partner countries in the bulk trades are the developed market-economy countries which, as noted above, are becoming increasingly incapable of operating bulk fleets economically under their own flags and which can only continue bulk operations by registering their vessels under flags of convenience. If, therefore, open registers were to be closed such countries might not press claims to carry cargoes on national flag vessels, but might be content to leave transport in the hands of developing trading partner countries which could perform the task more economically.

65. Allowing for the fact that, on average, bulk vessels carry 4 to 5 tons of cargo per dwt per annum, the tonnages listed above would require a bulk fleet with a capacity of some 350 to 400 million tons dwt, which is over ten times the dwt capacity of the bulk fleets which developing countries owned in mid 1977. Therefore, even allowing for the fact that closer examination may reveal that some of the cargo movements are unsuitable for regular vessel employment, and taking into consideration claims to participate in carriage by trading partner countries, developing countries would appear to have abundant scope for expanding their bulk fleets by virtue of their position as trading nations, if only they could secure a greater degree of control over cargo movements.

66. The above assessment takes no account of the possibilities which would become available to developing countries by a closure of the open registers for participating in the cross-trading activities of the world-wide trading fleet, whose operations are necessary to transport cargoes which cannot maintain vessels in regular employment. In this sector, too, the potential scope for expansion is abundant, having regard to the fact that the present open-registry fleet is five-and-a-half times the size of the present bulk fleet of developing countries.

Chapter V

FINANCIAL ASPECTS

67. During the early part of the 1970s, finance was an acute problem for developing countries seeking to establish or expand their merchant fleets, and much of the effort of developing countries was directed towards easing the terms of credit. 21/ At that time, prices were high both for new and for secondhand vessels, and suitable financial credits were equally difficult to obtain for the purchase of new or secondhand ships.

68. As from the middle of the decade, the world recession led to a surplus of shipping, and this in turn led to a marked fall in the prices of secondhand vessels, especially of tankers and bulk carriers. However, the recession also led to a surplus of shipbuilding capacity and, notwithstanding the availability of good secondhand vessels at low prices, the developed market-economy countries with shipyards have been endeavouring to stimulate the building of new ships in order to keep their yards employed. The net result is that it is now easier for developing countries to obtain finance for the purchase of new ships than for the purchase of secondhand ships at low prices. 22/

69. Finance for fleet development can take the form of commercial credits or of development aid. Commercial terms are still not suitable for developing countries and need to be eased. The terms available under development aid are considerably more favourable, but such aid is confined almost entirely to the purchase of newbuildings, the prices of which are higher than those of second-hand vessels. The major beneficiaries of such aid programmes are thus the shipyards of the donor countries rather than the merchant fleets of the "recipient" developing countries, and there is a clear need for aid funds to be made available for the purchase of secondhand vessels.

70. In numerous instances, however, it is apparent that lack of finance for fleet development is primarily attributable to the inability of the country concerned to meet some of the essential pre-conditions to obtaining finance, such as the lack of legislation which would enable registration of a ship subject to a mortgage.

71. Equally important is the ability of the borrowing country to obtain secure employment for the vessel, and thus to provide some assurance regarding its ability to meet loan repayments. In the liner trades the Code of Conduct for Liner Conferences safeguards the rights of developing countries to participate

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21/ See conference resolution 70 (III).

22/ Report of the Group of Experts on Improved Methods of Financing Ship Acquisition by Developing Countries (TD/B/C.4/179).

in the carriage of cargoes generated by their own trades, but it is still necessary to ensure that these cargoes correspond to the capacities of the vessels being purchased. In the bulk trades no such safeguards exist, and the best way in which a country can satisfy lenders of its ability to meet repayments would be by securing a tie on cargo which would keep a vessel in regular employment. In fact, the question of access to cargoes is quite vital when considering the possibilities of finance.

72. In so far as the gradual reduction of the open registers will create opportunities for developing countries to participate in world-wide trading with tankers and bulk carriers, this development should not require new investments by developing countries equivalent to the full value of the vessels added to their national fleets: rather it should result in a transfer of the investments of transnational corporations in vessels registered under flags of convenience, capital investments by the new developing countries of registry being limited to the amounts needed to cover their equity participation.

73. Spokesmen for the traditional maritime countries often argue that developing countries should refrain from entering the bulk trades on the grounds that current market rates would make the high investments involved unprofitable. However, the current low prices for secondhand vessels reduce the investment needed, and a bulk operation which may be unprofitable for a developed country using a high-cost crew on a ship purchased at a high capital cost may be profitable for a developing country using a low-cost crew on a secondhand vessel purchased at today's low prices. Furthermore, the profitability of bulk operations can only be considered over a period, taking into account the market peaks as well as the troughs.

74. Investment in shipping might also open the way for investment in ship-yard activities in developing countries. With national-flag vessels to provide sufficient business to justify the initial investment, yards can be expected to attract additional business from the owners in developed market-economy countries with high ship-yard costs.

Chapter VI

POLICY RECOMMENDATIONS

75. An examination of the world shipping scene shows that the market mechanisms prevailing in international shipping, especially in the bulk sector, have led to adverse and abnormal developments in maritime transport and in particular restricted the growth of merchant marines of developing countries. Removal of the barriers to the increasing participation of developing countries in the world fleet and modification of the market mechanisms with a view to enabling equitable development of the world merchant fleet are urgently needed.

76. International action to achieve the above objectives, as well as support for the efforts of developing countries in the expansion of their national merchant marines, especially in the bulk sector, are necessary in order to implement the Programme of Action on the Establishment of a New International Economic Order which states, inter alia, that "all efforts should be made to promote an increasing and equitable participation of developing countries in the world shipping tonnage." To this end, a comprehensive set of measures is called for, involving:

(1) Recognition of the rights of developing countries to an equitable participation in the carriage of bulk cargoes generated by their own trade and agreement on the measures needed for the implementation of those rights, including agreement that:

(a) Where bulk cargo movements can maintain tankers or bulk carriers in regular employment between a pair of trading countries, the rights to participate in the transport should be equitably shared;

(b) Contracts for the sale and purchase of bulk cargoes, or for the exploitation of natural resources giving rise to bulk cargoes, should be negotiated (or re-negotiated in the case of existing contracts) with provisions giving the developing country the right to transport an equitable share of cargoes which can keep vessels in regular employment;

(c) Developed trading partner countries that cannot operate national-flag tankers and bulk carriers economically should be urged to yield the major percentage of transport rights to developing trading partner countries which can operate national-flag vessels economically.

(2) Agreement on the principles relating to the economic elements of the genuine link which must exist between a vessel and its country of registry, including agreement that a vessel should not be considered as having a genuine link with its country of registry unless, inter alia:

(a) The operation of the vessel makes a substantial contribution to the national economy of the country;

(b) Revenues and expenditures, as well as the purchase and sale of the vessel, are treated in the national balance-of-payments accounts;

(c) The country has the right to the employment of its nationals;

(d) The country has an equitable share in the beneficial ownership.

(3) Measures to prevent the establishment of new open registers, and to phase out flag-of-convenience operations over a period of years, including action:

(a) By governments to restrain their shipowners from registering any additional vessels in instances where a genuine link (including the elements set out above) is lacking;

(b) By governments of countries currently offering open-registry facilities to refrain from accepting any new registrations in instances where a genuine link (including the elements set out above) is lacking, and to gradually increase their demands for participation in beneficial ownership and employment rights with respect to vessels already on their registers.

(4) Action to ensure the availability of finance for the purchase of secondhand vessels and to ease the terms of credit for new vessels, including:

(a) Action by developed countries to make development aid finance available for the purchase of secondhand ships, and urging OPEC countries to ease the commercial terms of credit for new vessels by increasing loan periods to 12 or 14 years and reducing down-payments to 10 or 20 per cent of the contract price;

(b) The establishment of a consultative group to assess, at regular intervals, the financial needs of developing countries and to recommend measures for the mobilization of financial resources.

(5) Building an institutional framework to promote fleet development and strengthen the economic links in maritime transport between the developing countries, inter alia through:

(a) The closer co-operation of shippers in a region or sub-region in their efforts to improve the control over bulk cargo movements;

(b) Establishment of regional associations of shipowners and joint shipping and shipyard ventures of developing countries whenever it may assure them greater benefits from ships' operations;

(c) Co-operation in the area of ports on a regional and sub-regional basis.

(C) Further work by the UNCTAD secretariat:

(a) To identify in greater detail the opportunities which exist on specific trade routes between developing countries and their trading partner countries for transferring bulk operations to the national-flag merchant fleets of the developing countries;

(b) To examine the policies and attitudes of the developed market-economy countries which constitute the main trading partners of developing countries in the bulk trades;

(c) In co-operation with the Centre for Transnational Corporations, to investigate the controls exercised over bulk cargo movements by transnational corporations;

(d) To investigate the possibilities for a greater involvement of developing countries in the workings of the international charter exchanges.

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Merchant fleet development

Statistical annexes on cargo flows */

CONTENTS

Annex		Page
I.	Major dry bulk cargo movements from and to developing countries - based on 1975 data. (Estimated movements of 100,000 tons or more, from and to developing countries, of the five major bulk commodities: iron ore, coal, grain, bauxite/alumina, phosphate rock)	1
II.	Estimated seaborne imports of crude petroleum by developing countries - 1975	12
III.	Exports of petroleum products by developing countries - 1976	16
IV.	Imports of petroleum products by developing countries - 1976	17

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ANNEX I

Major dry bulk carro movements from and to developing countries - based on 1975 data

Estimated movements of 100,000 tons or more, from or to developing countries, of the five major bulk commodities: iron ore, coal, grain, bauxite/alumina, phosphate rock (1976)

('000s tons)

Developing country or territory	Commodity	Exports	Imports	Trading partner
Algeria	Iron ore	300		France
		100		Italy
	Wheat		281	Canada
			800	U.S.A.
			209	France
			103	Argentina
	Phosphate rock	100		France
		100		Italy
		100		Czechoslovakia
		100		Poland
Total		800	1,393	
Angola	Iron ore	100		U.S.A.
		1,400		Japan
		200		Belgium/Luxemburg
		400		France
		200		Portugal
		800		United Kingdom
Total		3,100	-	
Argentina	Iron ore		1,100	Brazil
	Coal		350	Poland
			840	U.S.A.
	Wheat	306		Italy
		103		Algeria
		120		Chile
		151		Libyan Arab Jamahiriya
	Sorghum	137		Belgium/Luxemburg
		602		Japan
		100		India
		320		Mexico
	Maize	314		Cuba
		916		Mexico
			105	Australia
Total		3,147	2,395	

Developing country or territory	Commodity	Exports	Imports	Trading partner
Bahrain	Alumina		230	Australia
Total			230	
Bangladesh	Coal		160	India
	Wheat		500	U.S.A.
			460	Australia
			356	Canada
			392	France
Total			1,868	
Brazil	Iron ore	700		Canada
		7,600		U.S.A.
		23,500		Japan
		1,500		Austria
		1,900		Belgium/Luxemburg
		3,500		France
		11,000		Germany F.R.
		3,100		Italy
		1,600		Netherlands
		1,600		Spain
		2,200		United Kingdom
		300		Yugoslavia
		700		Czechoslovakia
		800		Poland
		1,200		Roumania
		1,100		Argentina
	Coal		1,820	U.S.A.
			810	Poland
	Wheat		500	Canada
			2,500	U.S.A.
	Maize	170		Italy
		197		Spain
		702		USSR
	Phosphate rock		700	U.S.A.
			600	Morocco
Total		63,309	6,930	

Developing country or territory	Commodity	Exports	Imports	Trading partner
Chile	Iron ore	300		U.S.A.
		8,100		Japan
		100		Belgium/Luxemburg
		100		Germany F.R.
	Wheat		400	U.S.A.
			399	Australia
			120	Argentina
Total		8,200	919	
Colombia	Iron ore	100		U.S.A.
	Wheat		329	U.S.A.
Total		100	329	
Cuba	Wheat		390	Canada
	Maize		314	Argentina
Total			704	
Dominican Rep.	Wheat		109	U.S.A.
	Bauxite	949		U.S.A.
Total		949	109	
Ecuador	Wheat		202	U.S.A.
Total			202	
Egypt	Coal		100	Australia
			200	U.S.A.
			500	USSR
	Wheat		1,002	Australia
			935	U.S.A.
			550	France
	Maize		400	U.S.A.
	Phosphate rock	100		Czechoslovakia
Total		100	3,687	

Developing country or territory	Commodity	Exports	Imports	Trading partner
Ghana	Bauxite	100		Germany F.R.
		225		United Kingdom
	Alumina		110	Suriname
Total		325	110	
Guinea	Bauxite	1,865		U.S.A.
		1,142		Canada
		655		France
		780		Germany F.R.
		208		Italy
		1,844		USSR
Total		6,494		
Guyana	Bauxite	821		Canada
		380		U.S.A.
Total		1,201		
Haiti	Bauxite	503		U.S.A.
Total		503		
Hong Kong	Iron ore	200		Japan
	Maize		130	Thailand
Total		200	130	
India	Iron ore	200		U.S.A.
		16,800		Japan
		1,000		Germany F.R.
		400		Czechoslovakia
		200		Hungary
		600		Poland
		2,100		Roumania
		600		Rep. of Korea
	Coal	160		Bangladesh
	Wheat		602	Australia
			643	Canada
			743	France
			230	Germany F.R.
			4,060	U.S.A.
	Sorghum		100	U.S.A.
			100	Argentina
	Phosphate rock		200	U.S.A.
			100	Jordan
Total		22,060	6,718	

Developing country or territory	Commodity	Exports	Imports	Trading partner
Indonesia	Iron ore	400		Japan
	Wheat		359	Australia
			500	U.S.A.
	Bauxite	386		Japan
Total		1,306	859	
Iran	Wheat		726	U.S.A.
	Phosphate rock		300	U.S.A.
Total			1,026	
Iran	Wheat		204	Australia
			208	Canada
Total			412	
Jamaica	Maize		117	U.S.A.
	Bauxite	6,345		U.S.A.
	Alumina	707		U.S.A.
		405		Norway
		332		United Kingdom
		141		Mexico
Total		7,930	117	
Jordan	Phosphate rock	200		Japan
		100		France
		100		Italy
		200		Turkey
		300		Bulgaria
		100		Czechoslovakia
		100		Poland
		200		Romania
		100		India
Total		1,300		
Kuwait	Sheet		101	Australia
Total			101	

Developing country or territory	Commodity	Exports	Imports	Trading partner
Lebanon	Wheat		156	Canada
	Maize		102	U.S.A.
Total			258	
Libyan Arab Jamahiriya	Wheat		131	Argentina
Total			152	
Liberia	Iron ore	2,500		U.S.A.
		900		Japan
		200		Austria
		900		Belgium/Luxembourg
		2,000		France
		6,200		Germany F.R.
		2,900		Italy
		1,500		Netherlands
		600		Spain
		500		United Kingdom
Total		17,800		
Malaysia	Iron ore	200		Japan
	Wheat		311	Australia
	Bauxite	550		Japan
	Maize		113	Thailand
Total		750	434	
Mauritania	Iron ore	1,000		Japan
		900		Belgium/Luxembourg
		2,300		France
		600		Germany F.R.
		1,300		Italy
		300		Netherlands
		800		Spain
		1,600		United Kingdom
Total		8,500		
Mexico	Phosphate rock		600	Morocco
	Sorghum		326	Argentina
	Maize		516	Argentina
Total			1,042	

Developing country or territory	Commodity	Exports	Imports	Trading partner
Morocco	Iron ore	300		Germany F.R.
	Wheat		802	France
	Phosphate rock	500		Japan
		1,100		Belgium/Luxemburg
		200		Denmark
		1,300		France
		500		Germany F.R.
		200		Greece
		100		Finland
		1,100		Italy
		100		Ireland
		600		Netherlands
		400		Portugal
		1,400		Spain
		300		Sweden
		400		Turkey
		1,300		United Kingdom
		200		Bulgaria
		200		Czechoslovakia
		100		Dem.Rep. Germany
		1,700		Poland
		700		Roumania
		600		Brasil
		800		Mexico
Total		14,100	802	
Mozambique	Iron ore	200		Japan
Total		200		
Nigeria	Wheat		378	U.S.A.
Total			378	
Pacific Is. (Nauru)	Phosphate rock	2,100		Australia/New Zealand
		300		U.S.A.
		200		Japan
Total		2,600		
Pakistan	Wheat		201	Australia
			230	Canada
			157	France
			924	U.S.A.
Total			1,602	

Developing country or territory	Commodity	Exports	Imports	Trading partner
Peru	Iron ore	1,600		U.S.A.
		2,700		Japan
		100		Belgium/Luxemburg
		400		France
		600		Germany F.R.
		100		Italy
		200		United Kingdom
		300		Rep. of Korea
	Wheat		111	Australia
			664	U.S.A.
	Maize		300	U.S.A.
Total		6,000	1,075	
Philippines	Iron ore	100		U.S.A.
		1,500		Japan
	Wheat		114	Canada
			366	U.S.A.
	Phosphate rock		100	U.S.A.
Total		1,600	580	
Rep. of Korea	Iron ore		600	Australia
			600	India
			300	Peru
	Coal		580	Australia
			200	U.S.A.
	Wheat		1,511	U.S.A.
	Maize		394	U.S.A.
			110	Thailand
	Phosphate rock		700	U.S.A.
Total			5,045	
United Republic of Tanzania	Wheat		111	U.S.A.
	Maize		176	U.S.A.
Total			287	
Saudi Arabia	Wheat		300	U.S.A.
Total			300	

Developing country or territory	Commodity	Exports	Imports	Trading partner
Sri Lanka	Wheat		100 200	Australia France
Total			300	
Sierra Leone	Iron ore	1,000 600		Japan Germany F.R.
	Bauxite	333 311		Canada Germany F.R.
Total		2,344		
Senegal	Phosphate rock	400 100 200 300 100 100 100		France Netherlands Greece United Kingdom Finland Czechoslovakia Poland
Total		1,500		
Singapore	Wheat		127 354	Australia U.S.A.
	Maize		100 335	U.S.A. Thailand
Total			816	
Sudan	Wheat		119	U.S.A.
Total			119	
Surinam	Bauxite	104 1,952		Canada U.S.A.
	Alumina	442 106 218 237 110		U.S.A. Germany F.R. Netherlands Norway Ghana
Total		3,069		

Developing country or territory	Commodity	Exports	Imports	Trading partner
Syrian Arab Republic	Wheat		158	U.S.A.
	Phosphate rock	100		Bulgaria
		100		Czechoslovakia
		100		Poland
		100		Roumania
Total		400	158	
Thailand	Maize	978		Japan
		130		Hong Kong
		123		Malaysia
		235		Singapore
		110		Rep. of Korea
Total		1,476		
Togo	Phosphate rock	900		France
		100		Belgium/Luxemburg
		500		Netherlands
		200		Poland
Total		1,700		
Trinidad and Tobago	Wheat		105	U.S.A.
Total			105	
Tunisia	Iron ore	200		France
6	Phosphate rock	500		France
		100		Italy
		100		United Kingdom
		300		Greece
		300		Turkey
		100		Czechoslovakia
		300		Poland
		100		Brazil
Total		2,000		

Developing country or territory	Commodity	Exports	Imports	Trading partner
Venezuela	Iron ore	13,300		U.S.A.
		400		Belgium/Luxemburg
		300		France
		1,500		Germany F.R.
		2,400		Italy
		500		Spain
		1,800		United Kingdom
		100		Czechoslovakia
		100		Poland
	Wheat		597	U.S.A.
	Sorghum		420	U.S.A.
Total		21,100	1,017	
Total		207,549	43,608	

NOTES

1. Sources: United Nations Statistical Papers, Series D, Commodity Trade Statistics; UNCTAD data bank; specialised commodity trade intelligence sources.

2. The shipping classifications for three of the items covered can be directly aligned with specific SITC classifications - namely, iron ore (SITC 281.3), coal (321.4); phosphate rock (273.1).

3. Cargoes of bauxite and alumina cannot be properly identified from trade data reported under SITC items 283.3 and 513.65, and for these items industry sources have been used.

4. The shipping classification of "grain" is normally taken as covering wheat (including meslin) (SITC 041 and 046); maize (044); barley (043); rye (045.1); oats (045.2); soya beans (221.4) and sorghum. Sorghum is understood to comprise the major portion of SITC item 045.9 ('cereals unmilled n.e.s.') and for the purposes of this estimate this item has been taken as equivalent to "sorghum". Grain movements of 100,000 tons or more from or to developing countries appear to be confined to movements of wheat, maize and sorghum, and consequently no figures are recorded for barley, rye, oats or soya beans.

5. Estimates have been based on the latest complete data in respect of each commodity item. Phosphate rock is the only item in respect of which complete data are available for 1976; the other estimates are based on 1975 data.

6. The sources listed above relate to total movements, both seaborne and land-borne. In order to arrive at estimates of seaborne movements the best available evidence has been used to eliminate landborne movements, but some approximation has been inevitable.

Annex II

Estimated seaborne imports of crude petroleum by developing countries - 1975
('000 metric tons)

Developing country or territory	Volume	Trading partner
Antigua	40	Trinidad
	120	Venezuela
Total	160	
Argentina	1370	Libyan Arab Jamahiriya
	750	Unknown
Total	2120	
Bahamas	290	North America
	400	Gabon
	3480	Libyan Arab Jamahiriya
	2800	Nigeria
	300	Iran
	5000	Saudi Arabia
	900	Unknown
Total	13170	
Bangladesh	300	Iran
	300	United Arab Emirates
Total	600	
Barbados	150	Trinidad
Total	150	
Brazil	760	Algeria
	2110	Libyan Arab Jamahiriya
	180	Egypt
	920	Venezuela
	1800	Iran
	8290	Iraq
	5180	Kuwait
	2330	Oman
	350	Qatar
	11150	Saudi Arabia
	750	United Arab Emirates
	250	U.S.S.R.
	150	Unknown
Total	34220	

Developing country or territory	Volume	Trading partner
Burma	200	Brunei
Total	200	
Chile	720	Ecuador
	380	Venezuela
	1220	Iran
	210	Saudi Arabia
	860	United Arab Emirates
	140	Unknown
Total	3530	
Costa Rica	290	Venezuela
Total	290	
Cuba	5550	U.S.S.R.
Total	5550	
Dominican Rep.	1250	Venezuela
Total	1250	
Cyprus	290	Saudi Arabia
Total	290	
Ecuador	1160	Venezuela
Total	1160	
El Salvador	610	Unknown
Total	610	
Ethiopia	350	Iran
	250	Iraq
Total	600	
Egypt	520	Iran
	130	Iraq
	1430	Saudi Arabia
Total	2080	

Developing country or territory	Value	Trading partner
Ghana	460	Libyan Arab Jamahiriya
	610	Algeria
	180	Iraq
	140	U.S.S.R.
Total	1,390	
Guam	500	Qatar
	560	Saudi Arabia
	80	Bahrain
Total	1130	
Guatemala	440	Venezuela
	270	Lebanon
Total	710	
Honduras	450	Venezuela
Total	800	
India	2700	Iran
	900	Iraq
	3040	Saudi Arabia
	850	U.S.S.R.
	90	Lebanon
Total	13580	
Ivory Coast	140	Algeria
	530	Nigeria
	280	Iraq
	130	Lebanon
Total	1,730	
Jamaica	3,400	Venezuela
Total	3400	
Jordan	470	Saudi Arabia
Total	670	

Developing country or territory	Value	Trading partner
Kenya	1450	Iran
	680	Saudi Arabia
	210	United Arab Emirates
Total	2830	
Korea Rep. of	1000	Iran
	9000	Kuwait
	6100	Saudi Arabia
Total	15000	
Lebanon	1870	Iran
	710	Saudi Arabia
Total	2580	
Liberia	370	Saudi Arabia
Total	510	
Madagascar	700	Iraq
	530	Saudi Arabia
Total	1230	
Malaysia	1700	Kuwait
	1000	Saudi Arabia
	1000	United Arab Emirates
Total	3700	
Mauritania	230	Venezuela
	450	Bahrain
Total	680	
Mexico	1000	Algeria
	2000	Iran
	2000	Iraq
	1100	Saudi Arabia
	400	Bahrain
Total	6500	

Developing country or territory	Volume	Trading partner
Mozambique	100	Iran
	710	Iraq
Total	810	
Netherland Antilles	1140	Gabon
	2160	Nigeria
	19230	Venezuela
	560	Oman
	2400	Saudi Arabia
	1950	Unknown
Total	27440	
Nicaragua	650	Venezuela
Total	650	
Pakistan	3200	Iran
Total	3200	
Panama	1570	Ecuador
	860	Venezuela
	1660	Saudi Arabia
	50	Unknown
Total	4140	
Paraguay	205	Unknown
Total	205	
Peru	1600	Ecuador
	770	Venezuela
	30	Unknown
Total	2400	
Philippines	500	Iraq
	1830	Kuwait
	4660	Saudi Arabia
	760	Indonesia
	500	China
	550	Unknown
Total	8800	
Senegal	250	Nigeria
	300	Iraq
	150	Unknown
Total	700	
Sierra Leone	210	Nigeria
	100	Gabon
Total	310	
Singapore	3450	Iran
	1250	Iraq
	7290	Kuwait
	1010	Oman
	2170	Saudi Arabia
	950	United Arab Emirates
	770	Unknown
Total	16920	
Sri Lanka	1850	Iran
Total	1850	
Sudan	400	Iran
	750	Iraq
Total	1150	
Syrian Arab Republic	2410	Iraq
Total	2410	
United Republic of Tanzania	520	Iran
	210	Saudi Arabia
Total	730	
Thailand	500	Iraq
	1000	Kuwait
	1340	Qatar
	2000	Saudi Arabia
	310	China
	560	Unknown
Total	5790	

Developing country or territory	Volume	Trading partner	Developing country or territory	Volume	Trading partner
Trinidad and Tobago	60	Angola	Dem. Yemen	310	Iraq
	80	Nigeria		250	Kuwait
	50	Venezuela	Total	1300	
	810	Iran			
	4340	Saudi Arabia	Zaire	170	Algeria
	2560	Indonesia		290	Libyan Arab Jamahiriya
Total	7900			160	Iraq
Tunisia	680	Iraq	Total	620	
	330	Saudi Arabia			
Total	1010		Zambia	840	Iran
			Total	840	
Uruguay	130	Libyan Arab Jamahiriya			
	200	Venezuela			
	670	Iran			
	1010	Kuwait			
Total	1810				
			Total	905715	

Notes

1. Source: United Nations, Series 'D': World Seaborne Supplies 1971-1975 and additional information made available by the Statistical Office, New York.

2. The sources listed above relate to total movements, both seaborne and landborne. In order to arrive at estimates of seaborne movements, the best available evidence has been used to eliminate landborne movements, but some approximation has been inevitable.

3. Imports by the 14 main oil-producing countries and by Bahrain have been excluded from this tabulation.

Annex III

Exports of petroleum products by developing countries - 1976
('000 metric tons)

Categories of developing countries and territories	Exports	Categories of developing countries and territories	Exports
1. 14 major oil producers plus Bahrain		3. Other countries	
		African	
Algeria	1,697	Angola	52
Ecuador	-	Benin	13
Gabon	448	Ethiopia	437
Indonesia	660	Gambia	3
Iran	6,470	Ghana	335
Iraq	734	Ivory Coast	151
Kuwait	12,710	Kenya	695
Libyan Arab Jamahiriya	869	Liberia	1
Nigeria	340	Madagascar	140
Oman	-	Malawi	4
Qatar	150	Morocco	25
Saudi Arabia	11,041	Mozambique	30
United Arab Emirates	-	Senegal	141
Venezuela	37,606	Sierra Leone	1
Bahrain	8,685	Tanzania, United Rep.	15
	81,348	Tunisia	25
		Uganda	4
2. Countries and territories exporting more than one million tons		Zaire	200
		American	
		Argentina	115
Bahamas	7,082	Barbados	1
Colombia	1,324	Bolivia	220
Democratic Yemen	1,205	Brazil	215
Egypt	1,053	Chile	96
Netherlands Antilles	27,708	El Salvador	7
Singapore	11,841	Guadeloupe	4
Trinidad	13,204	Honduras	14
U.S. Virgin Islands	22,940	Jamaica	37
	86,356	Martinique	353
		Mexico	170
		Nicaragua	4
		Panama	140
		Puerto Rico and Gen. Rep.	30
		Peru	206
		Asia	
		Bangladesh	9
		Brunei	3
		Hong Kong	34
		Indonesia	660
		Korea, Rep. of	871
		Malaysia	419
		Pakistan	173
		Philippines	101
		Sri Lanka	92
		Syrian Arab Republic	377
		Thailand	57
		Fiji	45
		Guam	30
			7,372

Source:

United Nations, Series 'J': World Energy Supplies 1973-76 (advance copy).

ANNEX IV

Imports of petroleum products by developing countries - 1975
('000 metric tons)

Categories of developing countries and territories	Imports	Categories of developing countries and territories	Imports
1. 14 major oil producers plus Bahrain		3. Countries and territories importing between 200,000 and 1,000,000 tons	
Algeria	74		
Ecuador	32	Cameroon, United Rep.	535
Gabon	90	Guinea	270
Indonesia	1,231	Mauritius	518
Iran	-	Panama	565
Iraq	-	Nigeria	636
Kuwait	1	Yemen	710
Libyan Arab Jamahiriya	30	Senegal	865
Nigeria	630	Trinidad and Tobago	977
Oman	1,100	Sudan	585
Qatar	26	Tunisia	435
Saudi Arabia	10	Bolivia	559
United Arab Emirates	300	Ghana	564
Venezuela	-	Jamaica	210
Bahrain	1	Mongolia	877
	3,495	Jordan	600
		Ethiopia	512
		Costa Rica	367
2. Countries and territories importing more than one million tons		Dominican Rep.	753
		Guatemala	414
		Uruguay	565
		Kenya	370
Brazil	1,196	Syria	364
Cuba	1,600	Iran	585
Hong Kong	5,377	Honduras	580
India	3,300	U.S. Virgin Is.	600
Indonesia	1,231	Afghanistan	560
Jamaica	1,400	Nepal	270
Nigeria	1,300	Chile	393
Mexico	2,800	Haiti	457
Netherland Antilles	3,633	Malawi	31
Panama Canal Zone	3,197	Sri Lanka	642
Singapore	8,300	Zambia	460
Syrian Arab Republic	1,300	Zimbabwe	750
Thailand	1,371	Papua New Guinea	570
		Fiji	247
		Malta	500
		Togo	530
			75,564

Categories of developing countries and territories	Imports	Categories of developing countries and territories	Imports
4. Other importing developing countries and territories		America	
		Barbados	148
Africa		Belize	63
		British Virgin Is.	6
Angola	176	Cayman Is.	23
Benin	116	Dominica	9
Burundi	24	El Salvador	7
Cape Verde Is.	102	Falkland Is.	2
Central African Empire	43	French Guiana	37
Chad	70	Grenada	13
Comoros	11	Guadeloupe	182
Congo	117	Haiti	126
Equatorial Guinea	20	Honduras	31
Ethiopia	45	Montserrat	1
Gambia	22	Nicaragua	60
Guinea Bissau	20	Paraguay	61
Ivory Coast	6	St. Kitts	12
Kenya	28	St. Lucia	20
Liberia	16	St. Vincent	15
Madagascar	21	Trinidad	91
Malawi	138	Asia and the Pacific	
Mali	105		
Mauritania	103	Bangladesh	173
Mozambique	100	Brunei	31
Niger	107	Dem. Kampuchea	89
Rwanda	34	Korea Rep. of	42
Sao Tome and Principe	7	Lao, People's Dem. Rep.	125
Seychelles	40	Macau	82
Sierra Leone	20	Nepal	77
Somalia	22	Sri Lanka	16
Tanzania, United Rep.	160	Cocos Is.	8
Togo	116	Christmas Is.	44
		East Timor	7
		French Polynesia	151
		Gilbert Is.	19
		Nauru	42
Source:		New Hebrides	36
		Pacific Is.	71
United Nations series 'J': World Energy Supplies 1972-76 (advance copy).		Samoa	15
		American Samoa	55
		Solomon Is.	38
			4,012